

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service From Winsted to the Metropolitan
Calling Area

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ORDER APPROVING COST STUDIES,
ESTABLISHING RATES FOR POLLING,
AND REQUIRING COOPERATION WITH
POLLING

PROCEDURAL HISTORY

On March 20, 2003, subscribers in the Winsted exchange filed a petition for Extended Area Service (EAS) to the Minneapolis/St. Paul Metropolitan Calling Area (MCA). Winsted is served by the Winsted Telephone Company. The parent company of Winsted Telephone Company is TDS Telecom (TDS). The MCA is served by the following companies: Bridgewater, Citizens, Eckles, Frontier, Lakedale, Lonsdale, Scott-Rice, Sherburne, Sprint, and QWEST.

On May 12, 2003, TDS Telecom filed a traffic study which indicated that the calling from Winsted to the MCA met the traffic threshold required for further processing of the EAS petition.

On June 17, 2003, the Commission issued an Order requiring cost studies and proposed EAS rate additives.

Between September 12, 2003 and December 12, 2003, the affected companies filed their respective cost studies and proposed EAS rate additives.

On November 25, 2003, the Minnesota Department of Commerce (the Department) filed its comments recommending approval of all cost studies and proposed rates except those of Lonsdale Telephone which had not by then filed its cost study or proposed EAS rate additives.

On December 12, 2003, Lonsdale indicated that it does not propose to charge any EAS rate additives for the Winsted to the MCA EAS calling.

The Commission met on January 12, 2004 to consider this matter.

FINDINGS AND CONCLUSIONS

I. THE LEGAL STANDARD

Extended area service is a service arrangement permitting neighboring telephone exchanges to become a single local calling area with toll-free calling. The criteria for establishing EAS and the procedures for determining EAS costs were set by Commission Orders (the EAS Orders) following an industry-wide fact-finding and policymaking.....¹ Briefly, these criteria and procedures are as follows:

- (1) a petitioning exchange must be adjacent to the exchange or local calling area to which it seeks EAS.
- (2) At least 50% of subscribers in the petitioning exchange must make at least three calls per month to the exchange or local calling area to which EAS is sought.
- (3) The companies serving the two exchanges or local calling areas must determine the cost of installing and operating the proposed EAS route, using Commission-approved costing methods, and file proposed rate additives to recover these costs.
- (4) The Commission must poll subscribers in the petitioning exchange on whether they want EAS at the rates adopted by the Commission.
- (5) If 50% of the subscribers responding to the poll vote yes, the EAS route must be installed.

In this case, the Commission has determined that the petitioning exchange meets the threshold adjacency and traffic volume requirements. What remains is to determine the cost of the proposed routes, to set rates reflecting those costs, and to poll subscribers in the petitioning exchange.

II. APPROVAL OF THE EAS COST STUDIES

The Department has recommended approval of the cost studies filed by all of the affected companies. The Department had asked TDS to exclude message processing costs from the EAS revenue requirement and the Company has done so.

The Commission has reviewed the cost studies filed by the affected companies, finds them reasonable and in conformance with past practice. The Commission will approve them and rely on them in setting rates.

III. EAS RATE ADDITIVES FOR WINSTED

TDS proposed composite EAS rate additives which the Department has split between the component related to the facilities cost and the component which captures lost access revenue. TDS and the Department have agreed on the reasonableness of the following rate additives for the Winsted exchange.

Table 1			
EAS Rates for Polling Winsted Exchange¹			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Monthly EAS Rate
Res One-Party City	\$0.41	\$13.14	\$13.55
Res One-Party Vacation	\$0.20	\$6.58	\$6.78
Res One-Party Rural	\$0.41	\$13.14	\$13.55
Res One-Party Rural Vacation	\$0.20	\$6.58	\$6.78
Residence Measured City	\$0.12	\$3.78	\$3.90
Residence Measure Rural	\$0.12	\$3.78	\$3.90
ISDN BRI Rural	\$0.41	\$13.14	\$13.55
ISDN BRI Zone A Res Rural	\$0.41	\$13.14	\$13.55
Bus One-Party City	\$0.65	\$21.10	\$21.75
Bus One-Party Rural	\$0.65	\$21.10	\$21.75
Bus Measured City	\$0.21	\$6.94	\$7.15
Bus Measured Rural	\$0.21	\$6.94	\$7.15
ISDN BRI City	\$0.65	\$21.10	\$21.75
ISDN BRI Zone B Res Rural	\$0.65	\$21.10	\$21.75
Paystation City	\$0.65	\$21.10	\$21.75
Centrex	\$0.65	\$21.10	\$21.75
T-1	\$0.65	\$21.10	\$21.75

The Commission has reviewed the Department's calculations, finds them appropriate and will approve the resulting rates.

¹ Break-down between the facilities-related and access recovery components as calculated by Department (Nov 25, 2003 Comments, pp. 2-3).

IV. EAS RATE ADDITIVES FOR THE MCA EXCHANGES

All the affected telephone companies in the MCA filed proposed rate additives except Lonsdale, which notified the Commission that it does not intend to increase rates due to the addition of Winsted to the MCA. The Department recommended that the Commission approve the rates proposed by the Citizens (Table 2), Frontier (Table 3), Sprint (Table 4), QWEST (Table 5), Sherburne (Table 6), Lakedale (Table 7), Bridgewater (Table 8), Scott-Rice (Table 9), and Eckles (Table 10):

Table 2 Citizens MCA Exchanges EAS Rate Additives			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Total Monthly EAS Rate
Rate Group 1			
Residence	\$0.004	\$0.000	\$0.004
Business	\$0.002	\$0.000	\$0.002
Rate Group 2			
Residence	\$0.008	\$0.079	\$0.087
Business	\$0.004	\$0.039	\$0.043

Table 3 Frontier MCA Exchanges (except Henderson and Le Center) EAS Rate Additives			
	Facilities-Based EAS Rate	Lost Access Recovery	Total Monthly EAS Rate
Residence	\$0.000	\$0.003	\$0.003
Business	\$0.001	\$0.007	\$0.008
Key Trunk	\$0.001	\$0.008	\$0.009
PBX Trunk	\$0.001	\$0.011	\$0.012
School Service			
One Party	\$0.001	\$0.005	\$0.006
Key Trunk	\$0.001	\$0.006	\$0.007
PBX Trunk	\$0.001	\$0.008	\$0.009
Versaline			
Month to Month	\$0.001	\$0.008	\$0.009
One-Year Term	\$0.001	\$0.006	\$0.007
Two Year Term	\$0.001	\$0.004	\$0.005
Three-Year Term	\$0.000	\$0.004	\$0.004

Table 3 (Cont'd)			
Henderson Exchange			
EAS Rate Additives			
	Facilities-Based EAS Rate	Lost Access Recovery	Total Monthly EAS Rate
Residence	\$0.000	\$0.024	\$0.024
Business	\$0.000	\$0.056	\$0.056
Key Trunk	\$0.000	\$0.062	\$0.062
PBX Trunk	\$0.000	\$0.075	\$0.075
School Service			
One Party	\$0.000	\$0.042	\$0.042
Key Trunk	\$0.000	\$0.046	\$0.046
PBX Trunk	\$0.000	\$0.056	\$0.056
Versaline			
Month to Month	\$0.000	\$0.063	\$0.063
One-Year Term	\$0.000	\$0.049	\$0.049
Two Year Term	\$0.000	\$0.042	\$0.042
Three-Year Term	\$0.000	\$0.035	\$0.035
Le Center Exchange			
EAS Rate Additives			
	Facilities-Based EAS Rate	Lost Access Recovery	Total Monthly EAS Rate
Residence	\$0.000	\$0.003	\$0.003
Business	\$0.000	\$0.006	\$0.006
Key Trunk	\$0.000	\$0.007	\$0.007
PBX Trunk	\$0.000	\$0.008	\$0.008
School Service			
One Party	\$0.000	\$0.005	\$0.005
Key Trunk	\$0.000	\$0.005	\$0.005
PBX Trunk	\$0.000	\$0.006	\$0.006
Versaline			
Month to Month	\$0.000	\$0.007	\$0.007
One-Year Term	\$0.000	\$0.005	\$0.005
Two Year Term	\$0.000	\$0.005	\$0.005
Three-Year Term	\$0.000	\$0.004	\$0.004

Table 4 Sprint MCA Exchanges EAS Rate Additives			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Total Monthly EAS Rate
Residence	\$0.0032	\$0.0124	\$0.02
Business	\$0.0064	\$0.0248	\$0.03
Key/Trunk	\$0.0075	\$0.0288	\$0.04
Pay	\$0.0064	\$0.0248	\$0.03

Table 5 QWEST's MCA Exchanges EAS Rates			
Service	Facilities-Based EAS Rate	Lost Access/Toll Contribution Recovery	Total Monthly EAS Rate
Residence Flat	\$0.003	\$0.001	\$0.004
Business Flat	\$0.010	\$0.003	\$0.013
Business Msg	\$0.008	\$0.002	\$0.010
Trunks	\$0.013	\$0.003	\$0.016
Centron/Centrex	\$0.013	\$0.003	\$0.016
Pub/Semi-Pub	\$0.010	\$0.003	\$0.013

Table 6 Sherburne MCA Exchanges EAS Rates			
Service	Facilities-Based EAS Rate	Lost Access/Toll Contribution Recovery	Total Monthly EAS Rate
Residence	\$0.000	\$0.009	\$0.009
Business & Pay	\$0.000	\$0.016	\$0.016

Table 7 Lakedale MCA Exchanges EAS Rate Additives			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Total Monthly EAS Rate
Digital Access Line	\$0.000	\$0.254	\$0.254
Pay	\$0.000	\$0.380	\$0.380

Table 8 Bridgewater MCA Exchanges EAS Rate Additives			
Monticello Exchange			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Total Monthly EAS Rate
Residence Flat	\$0.000	\$0.030	\$0.030
Residence Measured	\$0.000	\$0.020	\$0.020
Business, Key, Pay, Centrex	\$0.000	\$0.050	\$0.050
Business, Key & Measured	\$0.000	\$0.030	\$0.030
Business Trunk	\$0.000	\$0.070	\$0.070
Business Trunk Measured	\$0.000	\$0.040	\$0.040
Centrex Measured	\$0.000	\$0.020	\$0.020
Enfield Exchange			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Total Monthly EAS Rate
Residence Flat	\$0.000	\$0.040	\$0.040
Residence Measured	\$0.000	\$0.020	\$0.020
Business, Key, Pay, Centrex	\$0.000	\$0.060	\$0.060
Business, Key & Measured	\$0.000	\$0.030	\$0.030
Business Trunk	\$0.000	\$0.090	\$0.090
Business Trunk Measured	\$0.000	\$0.040	\$0.040
Centrex Measured	\$0.000	\$0.020	\$0.020

Table 9			
Scott-Rice MCA Exchanges			
EAS Rate Additives			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Total Monthly EAS Rate
Prior Lake and New Market			
Residence	\$0.000	\$0.002	\$0.002
Business & Pay	\$0.000	\$0.005	\$0.005
Webster			
Residence	\$0.000	\$0.004	\$0.004
Residence FX	\$0.000	\$0.006	\$0.006
Business	\$0.000	\$0.006	\$0.006
Business FX	\$0.000	\$0.009	\$0.009
Pay	\$0.000	\$0.006	\$0.006

Table 10			
Eckles MCA Exchanges			
EAS Rate Additives			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Total Monthly EAS Rate
Residence - Town	\$0.000	\$0.007	\$0.007
Residence - Rural	\$0.000	\$0.009	\$0.009
Business, Key, Pay	\$0.000	\$0.012	\$0.012
PBX Analog	\$0.000	\$0.016	\$0.016
PBX Digital	\$0.000	\$0.007	\$0.007

The Commission has reviewed these proposed rate additives, finds them reasonable, and will approve them.

V. LOWER COST OPTION FOR WINSTED SUBSCRIBERS

Subscribers in an exchange that is seeking to extend its service area to include the MCA (Anoka , Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties) must be offered local measured service or another lower cost alternative to basic flat rate service.² The lower cost option will be presented in the brochure sent along with the ballots to the subscribers in the Winsted exchange. If a majority of voters in the Winsted exchange prefer EAS to the metropolitan calling area, those that are not willing to pay the flat-rate EAS can avail themselves of the lower cost option.

TDS filed the following measured service rates as the Lower Cost Option for the Winsted exchange:

Table 11 Lower Cost Option for Winsted Exchange			
	Monthly Flat Rate	Per Minute Charge	
		Initial Minute	Additional Minute
Residence - City and Outside City	\$3.90	\$0.12	\$0.03
Business - City and Outside City	\$7.15	\$0.24	\$0.06

The Commission has reviewed the Lower Cost Option proposed by TDS, finds it reasonable, and will approve it.

VI. MISCELLANEOUS ADDITIONAL REQUIREMENTS

A. Billing

In previous Orders, the Commission has found after much deliberation that when EAS is implemented it is appropriate and less confusing to subscribers if customers’ monthly bills list a single figure which reflects both the facilities cost of EAS and lost access and EAS revenues. The Commission will impose the same requirement in this case.

² See *In the Matter of an Investigation into the Appropriate Local Calling Scope, in Accordance with Minn. Stat. § 237.161 (1994)*, ORDER AFTER RECONSIDERATION, Docket No. P999/CI-94-296 (February 23, 1996), Attachment A.

B. Balloting Materials

The Commission has also concluded, however, that balloting materials and (if the proposed EAS is implemented) the affected telephone companies' tariffs should itemize EAS rate additives so as to indicate the portion of the EAS rate additive that recovers facilities cost and the portion that recovers lost access revenue and/or lost toll contribution. This additional specificity is appropriate at the balloting stage to fully inform subscribers and is appropriate in the tariff to accurately record these respective costs. The Commission will impose the same requirement in this case.

C. Provision of Addresses

As a long established practice, the Commission has directed affected telephone companies to provide cooperation and assistance to the Commission staff and Commission contractors during the polling process by providing usable, deliverable addresses for all access lines in a format and under time frames set by the Commission staff and to provide proof of the accuracy of customer lists as requested by Commission staff. The Commission will impose the same requirement in this case.

VII. POLLING

The last step in the EAS decision-making process is to poll subscribers in the petitioning exchange to determine if the majority favors installing EAS. The Commission will direct the carriers to provide the information and cooperation required for a fair and efficient poll.

ORDER

1. The Commission hereby adopts the EAS rate-additives in Table 1 (see above on page 3) for polling Winsted customers.
2. The Commission hereby adopts the rate additives for MCA exchanges set forth in Tables 2-10 (see above on pages 4-9).
3. The Commission hereby approves the Lower Cost Option proposed by TDS for the Winsted exchange (see Table 11 on page 10).
4. The affected telephone companies shall provide a single EAS number which reflects both the facilities cost and lost access and EAS revenues in customers' monthly bills, if the proposed EAS is implemented.
5. The balloting materials and (if the proposed EAS is implemented) the affected telephone companies' tariffs shall itemize EAS rate additives so as to indicate the portion of the EAS rate additive that recovers facilities cost and the portion that recovers lost access revenue and/or lost toll contribution.

6. The affected telephone companies shall provide cooperation and assistance to the Commission staff and Commission contractors during the polling process by providing usable, deliverable addresses for all access lines in a format and under time frames set by the Commission staff and provide proof of the accuracy of customer lists as requested by the Commission staff.
7. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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